

**Illinois Department of Revenue
Regulations**

Title 86 Part 100 Section 100.7050 Computation of Amount Withheld (IITA Section 702)

TITLE 86: REVENUE

**PART 100
INCOME TAX**

Section 100.7050 Computation of Amount Withheld (IITA Section 702)

- a) Amount withheld. Every employer required to deduct and withhold a tax on compensation paid in Illinois to an individual shall deduct and withhold for each payroll period an amount equal to 3% (.03) of the amount by which such individual's compensation exceeds the proportionate part of his withholding exemption attributable to the payroll period for which such compensation is payable. "Payroll period" for Illinois withholding purposes shall have the same definition as in 26 USC 3401 and shall include "miscellaneous payroll period" as that term is defined and used in that section and the regulations thereunder.

- b) Methods of computations
 - 1) General rules. Employers required to withhold Illinois income tax on compensation paid in this State shall compute the amount of tax to be withheld for each payroll period pursuant to the methods and rules provided for withholding on such compensation under the Internal Revenue Code.

 - 2) Direct percentage computations
 - A) An employer may elect a direct percentage computation to determine the amount of withholding utilizing the following allowances per claimed exemption (see Section 100.7150 of this Part) for the appropriate payroll period. A rate of 3% (.03) is to be used in the determination of the amount of tax to be withheld. For compensation paid in years prior to 1998, the exemption is:

Weekly	\$ 19.23
Bi-Weekly	38.46
Semi-monthly	41.67
Monthly	83.33
Quarterly	250.00
Semi-annually	500.00
Annually	1,000.00
Daily or Miscellaneous	2.74

For years after 1997, the basic amount of the exemption is changed from \$1,000. For those years, the amount of an exemption allocable to a period of less than a year should be taken from the applicable version of Booklet IL-700, Illinois Employer's Withholding Tax Guide and

Withholding Tables, available from the Department. If the Booklet IL-700 is not available, these amounts can be computed by multiplying the above amounts by a fraction equal to the basic amount for the year divided by \$1,000.

- B) The steps in computing the amount to be withheld under the percentage method of withholding are as follows:
 - i) Step 1: Determine the amount of one withholding exemption for the particular payroll period from the preceding table;
 - ii) Step 2: Multiply the amount determined in Step 1 by the number of exemptions claimed by the employee;
 - iii) Step 3: Subtract the amount determined in Step 2 from the employee's compensation;
 - iv) Step 4: Multiply the difference determined in Step 3 by 3% (.03). The result is the amount of tax to be withheld for the particular payroll period.
 - C) If an employee has claimed no withholding exemptions, either by filing a withholding exemption certificate claiming zero exemptions or by not filing a withholding exemption certificate, the amount to be withheld is 3% (.03) of the compensation payable for each payroll period.
- 3) Tables. An employer may elect to use the withholding tables set out in the Booklet IL-700, Illinois Employer's Withholding Tax Guide and Withholding Tables, available from the Department.
- 4) Other methods
- A) An employer may use any other method for computing the amount of tax to be deducted and withheld for each payroll period which is permitted for withholding for federal income tax purposes.
 - B) If any such other method for the computation of the amount of tax to be deducted and withheld for federal income tax purposes required prior approval of the Commissioner of Internal Revenue, then the Department shall be notified of such federal approval by the submission of a copy of the employer's request and the Commissioner's approval.
- c) Supplemental wage payments. An employee's compensation may consist of wages paid for a payroll period and supplemental wages, such as bonuses, commissions, and overtime pay, paid for the same or a different period or without regard to a particular period. When such supplemental wages are paid, the amount of tax required to be withheld shall be determined in accordance with the same methods provided for withholding on such wages under the Internal Revenue Code and the regulations thereunder. However, an employer may elect to compute the amount of tax to be withheld using a flat rate of 3% (.03)

- d) Vacation pay. Amount of so-called "vacation allowances" shall be subject to withholding as though they were regular wage payments made for the period covered by the vacation. If the vacation allowance is paid in addition to the regular wage payment for such period, the allowance shall be treated as supplemental wage payments.

(Source: Amended at 24 Ill. Reg. 10593, effective July 7, 2000)